Corporate Governance and the Companies Act of 2013 in India: An Analysis

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Abstract

The history of Corporate Governance (CG) research shows that it has been essentially devoted to Anglo-Saxon large public corporations. Thus, the study of CG systems has to be conducted within a particular national institutional context of formal rules (in particular law, legal organization and organization of financial markets) and informal rules (religion, moral and national culture). There are mainly two types of theories such as micro and macro theories of corporate governance. Sir Adrian Cadbury, who has defined the CG as "a system by which businesses are directed and controlled". In the past years, many countries have experienced economic downturns, financial scandals and corporate collapses. As a part of the response to these events, countries across the globe have either introduced their respective corporate governance codes or strengthened their respective particular existing codes and guidelines. At an international level, International Corporate Governance Network (ICGN) is there regarding this for its member countries purpose. Indian corporate sector has seen substantial and significant changes since 1993, when the corporate governance came to prominence in this country. This paper has analyzed an India's the companies act of 2013 for governing the corporate through its central government of *India.*

Keywords: Governance, Corporate,Analysis, Company,India

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Introduction

The Corporate Governance (CG) covers a set of rules, procedures and operational structure that guides the short term and the long term actions of companies. These actions include establishing codes of conduct for employees and balancing interests of all stakeholders(A.C.Fernando, K.P. Muraleedharan, E.K.Satheesh(2018),P.37). The CG applies to large company , group of companies and stock exchanges in a company.The corporations like all citizens in a country must act within the law. The term governance for corporate relates to how an organization makes its decisions, how it operates to achieve its objectives and how stakeholders have their say in the processes (Government of India,MINISTRY OF CORPORATE AFFAIRS(2018). The CG conveys different meanings to different people. But to all, the CG is a means to an end, end being long term shareholder value and more importantly stakeholder value. Thus, all authorities on the subject are one in recognizing the need for good CG practices to achieve an end for which corporates are formed. So, the CG is all about governing corporations(A.C.Fernando, K.P. Muraleedharan)

The CG is concerned with an exercise of power over corporate entities. The CG is refers to the way a large company is governed. Moreover, the CG is the system by which companies are directed and controlled.

The CG that scarcely has existed before the 1990s is now universally invoked wherever businesses and finances are discussed. An establishment of a viable CG system has become a priority objective for emergent economies from Latin America countries to China. Not merely does the term CG is carry different interpretations, its analysis also involves diverse disciplines and approaches. For example, the behavior of senior managers is variously constrained by legal, regulatory, financial, economic, social, psychological and political mechanisms which are themselves sometimes substitutes and sometimes compliments(KevinKeasey, Steve Thompson and Mike Wright((edited) (2005), p.1). A corporation is a structure established by law to allow different parties to contribute capital, expertise, and labor for the maximum benefit of all of them. An Investor gets the chance to participate in the profits of enterprise without taking responsibility for operations. The management gets the chance to run the company without taking the responsibility of personally providing the funds. In order to make both of these possible, the shareholders have limited liability and limited involvement in the company's affairs(Robert A. G. Monks and Nell Minow,(2011),p.6).